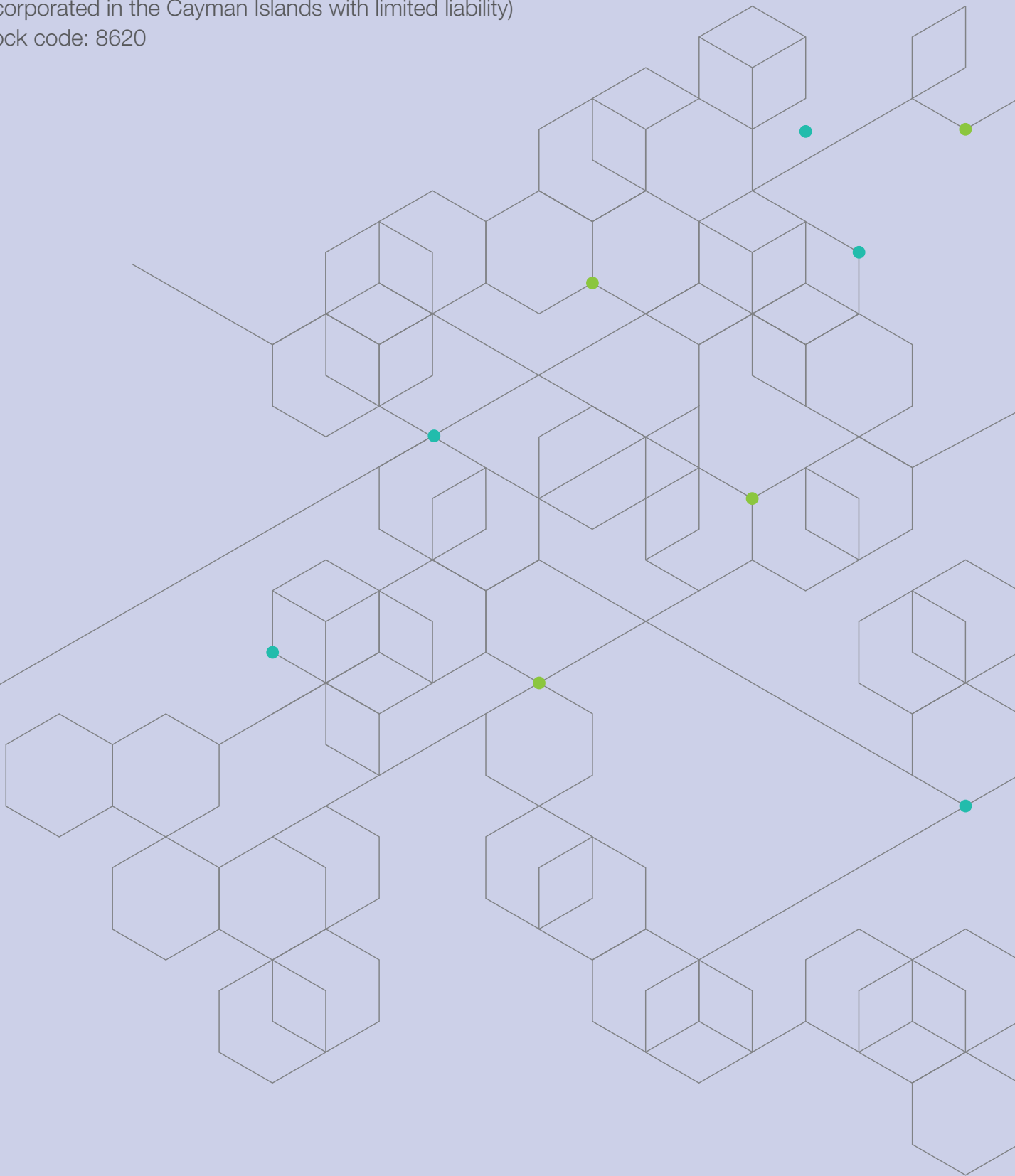


Asia-express Logistics Holdings Limited 亞洲速運物流控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 8620



INTERIM REPORT 2020/2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this interim report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this interim report.

*This interim report, for which the directors (collectively the “**Directors**” or individually a “**Director**”) of Asia-express Logistics Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**We**”, “**our**” or “**us**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this interim report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this interim report misleading.*

*Unless otherwise defined herein, capitalized terms used in this interim report shall have the same meanings as those defined in the Prospectus of the Company dated 31 March 2020 (the “**Prospectus**”).*



Contents

Corporate Information	3
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Financial Statements	10
Management Discussion and Analysis	22
Disclosure of Additional Information	29

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Le Bon (*Chairman*)
Mr. Chan Yu (*Chief executive officer*)

Non-executive Director

Mr. Choy Wing Hang, William

Independent Non-executive Directors

Mr. Fu Lui
Mr. Chan Chi Ho
Ms. Chui Sin Heng

COMPANY SECRETARY

Mr. Yip Chun Ming, Alex, *CPA*

COMPLIANCE OFFICER

Mr. Chan Yu

AUTHORISED REPRESENTATIVES

Mr. Chan Yu
Mr. Yip Chun Ming, Alex

BOARD COMMITTEES

Audit Committee

Mr. Fu Lui (*Chairman*)
Mr. Chan Chi Ho
Ms. Chui Sin Heng

Remuneration Committee

Mr. Chan Chi Ho (*Chairman*)
Mr. Fu Lui
Ms. Chui Sin Heng

Nomination Committee

Ms. Chui Sin Heng (*Chairman*)
Mr. Chan Chi Ho
Mr. Fu Lui

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1613–1615, Level 16
Tower 1 Metroplaza
223 Hing Fong Road
Kwai Fong
Hong Kong

HONG KONG LEGAL ADVISER

Holman Fenwick Willan
15/F, Tower I, Lippo Centre
89 Queensway
Admiralty
Hong Kong

Corporate Information (Continued)

COMPLIANCE ADVISER

Giraffe Capital Limited
3/F, 8 Wyndham Street
Central
Hong Kong
(Appointed on 1 September 2020)

South China Capital Limited
28/F, Bank of China Tower
1 Garden Road
Central
Hong Kong
(Resigned on 31 August 2020)

AUDITOR

Moore Stephens CPA Limited
Registered Public Interest Entity Auditors
(Appointed on 10 June 2020)

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
(Resigned on 12 May 2020)

COMPANY'S WEBSITE

www.asia-expresslogs.com

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation
Limited
21/F, Crocodile Centre
79 Hoi Yuen Road
Kwun Tong
Kowloon

United Overseas Bank
Suite 2110–2113 Tower 6
The Gateway
Harbour City
Tsim Sha Tsui
Kowloon

STOCK CODE

8620

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2020

	Notes	Three months ended 30 September		Six months ended 30 September	
		2020	2019	2020	2019
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (audited)
Revenue	4	92,430	80,063	172,435	160,167
Other income		13	2,002	1,722	3,822
Other gains and losses		(531)	(1,635)	(525)	(3,316)
Employee benefits expenses		(11,313)	(12,344)	(21,059)	(23,827)
Dispatch labour costs		(25,029)	(19,713)	(53,187)	(40,786)
Transportation costs		(43,445)	(38,782)	(79,554)	(76,780)
Depreciation of property, plant and equipment		(1,870)	(1,146)	(3,305)	(1,746)
Depreciation of right-of-use assets		(1,988)	(2,377)	(4,140)	(4,908)
Operating lease rentals in respect of rented premises/short-term lease payments		—	(19)	—	(69)
Other expenses		(9,402)	(1,773)	(14,915)	(4,560)
Listing expenses		—	(2,605)	—	(2,605)
Finance costs		(529)	(623)	(1,079)	(1,161)
Share of results of an associate		(8)	(8)	27	19
(Loss)/profit before tax		(1,672)	1,040	(3,580)	4,250
Income tax expenses	5	—	(504)	—	(866)
(Loss)/profit for the period	6	(1,672)	536	(3,580)	3,384
Other comprehensive income/(expense) that may be subsequently reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations		2	(1,948)	3	(2,249)
Other comprehensive income/(expense) for the period		2	(1,948)	3	(2,249)
Total comprehensive income/(expense) for the period		(1,670)	(1,412)	(3,577)	1,135
(Loss)/profit for the period attributable to owners of the Company		(1,672)	536	(3,580)	3,384
Total comprehensive (expense)/income for the period attributable to owners of the Company		(1,670)	(1,412)	(3,577)	1,135
(Loss)/earning per Share (HK cents)					
Basic	8	(0.36)	0.14	(0.76)	0.90

Condensed Consolidated Statement of Financial Position

At 30 September 2020

	<i>Notes</i>	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	45,772	24,704
Interest in an associate		658	631
Right-of-use assets	9	16,939	36,935
Deposits paid for acquisition of property, plant and equipment		512	400
Rental deposits		848	829
		64,729	63,499
CURRENT ASSETS			
Trade and other receivables	10	67,424	62,005
Rental deposits		220	215
Pledged bank deposits		13,517	15,017
Bank balances and cash		25,969	15,410
		107,130	92,647
CURRENT LIABILITIES			
Trade and other payables	11	37,451	51,559
Bank borrowings	12	27,000	30,000
Lease liabilities		11,090	11,748
Tax payable		1,422	1,656
		76,963	94,963
NET CURRENT ASSETS (LIABILITIES)		30,167	(2,316)
TOTAL ASSETS LESS CURRENT ASSETS (LIABILITIES)		94,896	61,183

Condensed Consolidated Statement of Financial Position (Continued)

At 30 September 2020

		As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
	Notes		
NON-CURRENT LIABILITIES			
Lease liabilities		13,257	14,553
Deferred tax liabilities		5,032	5,054
		18,289	19,607
NET ASSETS			
		76,607	41,576
CAPITAL AND RESERVES			
Share capital	13	4,800	—*
Reserves		71,807	41,576
TOTAL EQUITY			
		76,607	41,576

* Less than HK\$1,000

The condensed consolidated financial statements on page 5 to 21 were approved and authorised for issue by the board of directors on 13 November 2020 and are signed on its behalf by:

Chan Le Bon
Executive Director

Chan Yu
Executive Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000 (Note a)	Retained profits HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	—*	7,000	1,876	1,563	2,324	36,484	49,247
Profit for the period	—	—	—	—	—	3,384	3,384
Other comprehensive expense	—	—	—	(2,249)	—	—	(2,249)
Total comprehensive (expense)/ income for the period	—	—	—	(2,249)	—	3,384	1,135
Repurchase of ordinary shares	—*	(3,118)	—	—	—	—	(3,118)
At 30 September 2019 (audited)	—*	3,882	1,876	(686)	2,324	39,868	47,264
At 1 April 2020 (audited)	—*	3,882	1,876	(605)	2,431	33,992	41,576
Loss for the period	—	—	—	—	—	(3,580)	(3,580)
Other comprehensive income	—	—	—	3	—	—	3
Total comprehensive income/ (expense) for the period	—	—	—	3	—	(3,580)	(3,577)
Capitalisation issue	3,600	(3,600)	—	—	—	—	—
Share issued pursuant to the share offer	1,200	58,800	—	—	—	—	60,000
Transaction costs attributable to the share offer	—	(21,392)	—	—	—	—	(21,392)
At 30 September 2020 (unaudited)	4,800	37,690	1,876	(602)	2,431	30,412	76,607

* Less than HK\$1,000

Note:

- (a) Amount represents statutory reserve of the subsidiaries of the Company established in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, the subsidiaries in the PRC are required to transfer at least 10% of its net profit after taxation, as determined under the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (audited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(16,219)	4,549
NET CASH USED IN INVESTING ACTIVITIES	(5,799)	(347)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	32,575	(3,395)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,557	807
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	15,410	18,527
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	2	(893)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	25,969	18,441

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

1. GENERAL INFORMATION, GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 2 January 2018 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares (the “**Shares**”) have been listed on the GEM of the Stock Exchange on 20 April 2020 (the “**Listing**”). The addresses of the Company’s registered office and principal place of business are disclosed in the section headed “Corporate Information” of this report.

The immediate holding company of the Company is 3C Holding Limited (“**3C Holding**”), a company incorporated in the British Virgin Islands, and ultimately controlled by Mr. Chan Le Bon (“**Mr. LB Chan**”) and Mr. Chan Yu.

The principal activity of the Company is investment holding. The principal activities of the Group are the provision of air cargo terminal operation services, transportation services and warehousing and other value-added services in Hong Kong and the PRC.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the historical cost basis. The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The condensed consolidated financial statements do not include all the information required for a complete set of Hong Kong Financial Reporting Standards (“**HKFRSs**”) financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2020.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior periods. The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for services provided in the normal course of business.

An analysis of the Group’s revenue for respective period is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$’000 (unaudited)	2019 HK\$’000 (unaudited)	2020 HK\$’000 (unaudited)	2019 HK\$’000 (audited)
Air cargo terminal operation services				
— Ground handling	21,712	26,508	49,088	54,076
— Ancillary delivery	15,480	17,850	31,056	34,416
Transportation services	30,702	27,820	53,606	57,353
Warehousing and other value-added services	24,536	7,885	38,685	14,322
	92,430	80,063	172,435	160,167

The Group’s operating segment is determined based on information reported to the chief operating decision maker (the “CODM”), being the management of the Group, for the purposes of resource allocation and performance assessment. For management purpose, the Group operates in one business unit based on its services and its sole operating segment is the provision of air-cargo terminal operation services, transportation services and warehousing and other value-added services. The CODM monitors the revenue, consolidated results, assets and liabilities of its business unit as a whole and regularly reviews financial information prepared in accordance with the accounting policies which conform with HKFRSs and consistent with those used in the preparation of this report, and without further discrete information. Accordingly, no analysis of segment information other than entity-wide information is presented.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (Continued)

During both periods, the Group derives its revenue from the provision of the air cargo terminal operation services, transportation services and warehousing and other value-added services to its customers and the revenue is recognised as a performance obligation satisfied over time as the customers receive and consume the benefits of the Group's performance as it occurs.

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) is nil as at the end of both reporting periods during the six months ended 30 September 2020 and 2019.

Geographical information

The Group's operations are mainly located in Hong Kong and the PRC.

Information about the Group's revenue from external customers is presented based on the location of the operation. For revenue from cross-border transportation services, it is presented based on the location where the contract is negotiated and effected.

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (audited)
Hong Kong	87,540	71,531	161,675	140,789
The PRC	4,890	8,532	10,760	19,378
	92,430	80,063	172,435	160,167

Information about the Group's non-current assets (excluding rental deposits) is presented based on the geographical location of the assets:

As at 30 September and 31 March 2020

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Hong Kong	60,413	58,596
The PRC	3,468	4,074
	63,881	62,670

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers of corresponding periods contributing over 10% of the Group's revenue are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (audited)
Customer A	42,050	52,320	85,303	102,471
Customer B	N/A*	N/A*	18,490	N/A*

* The corresponding revenue does not contribute over 10% of the Group's revenue.

5. INCOME TAX EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (audited)
The tax charge comprises:				
Hong Kong Profits Tax — current tax	—	247	—	607
PRC enterprise income tax (“EIT”) — current tax	—	1	—	3
	—	248	—	610
Deferred tax	—	256	—	256
	—	504	—	866

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2020 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

5. INCOME TAX EXPENSES (Continued)

PRC EIT is calculated at 25% of the estimated assessable profits for both periods. Pursuant to the relevant laws and regulations in the PRC, one of the Company's PRC subsidiaries is entitled to 10% PRC EIT for both periods as the subsidiary is qualified as small entities for a reduced tax rate.

6. (LOSS)/PROFIT FOR THE PERIOD

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
(Loss)/profit for the period has been arrived at after charging (crediting):				
Auditor's remuneration	125	19	250	19
Directors' remuneration	400	281	1,183	543
Employment Support Scheme	(2,540)	—	(3,297)	—
Other staff costs:				
Salaries, discretionary bonuses and other benefits	12,805	10,894	22,081	21,513
Retirement benefits scheme contributions	648	1,169	1,092	1,771
Total staff cost	11,313	12,344	21,059	23,827
One-off Subsidy (Good Vehicles)	(1,370)	—	(1,370)	—
Warehousing operating costs (<i>Note</i>)	6,437	1,431	10,084	2,781

Note: The warehousing operating costs are included in other expenses.

7. DIVIDEND

No dividend for the six months ended 30 September 2020 was paid, declared or proposed by the Board.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

8. (LOSS)/EARNING PER SHARE

The calculation of the basic (loss)/earning per Share is based on the following data:

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (audited)
(Loss)/earning:				
(Loss)/earning for the period attributable to owners of the Company for the purpose of calculating basic (loss)/earning per Share	(1,672)	536	(3,580)	3,384
Number of shares:				
Weighted average number of ordinary Shares for the purpose of basic (loss)/earning per Share	470,163,934	377,903,444	470,163,934	377,903,444

The number of ordinary Shares for the purpose of calculating basic (loss)/earning per Share for the relevant periods are based on the assumption that the Shares issued pursuant to the capitalisation issue that took place on 17 April 2020, which is the issue of 359,999,782 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company, had been effective on 1 April 2019.

No diluted (loss)/earning per Share for the both periods was presented as there were no potential ordinary Shares in issue.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

9. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS

During the six months ended 30 September 2020, the Group acquired HK\$ 1,311,000 of leasehold improvements, HK\$1,133,000 of motor vehicles, HK\$661,000 of machinery, HK\$242,000 of office equipment and HK\$126,000 of furniture and fixtures (for the six months ended 30 September 2019: HK\$ 358,000 of leasehold improvements, HK\$2,852,000 of motor vehicles and HK\$44,000 of office equipment). During the six months ended 30 September 2020, the Group disposed H\$1,413,000 of motor vehicles and HK\$82,000 of machinery (six months ended 30 September 2019: HK\$7,267,000 of motor vehicles).

During the six months ended 30 September 2020, the Group entered into new lease contracts for the motor vehicles and recognized HK\$4,738,000 of right-of-use assets (for the six month ended 30 September 2019: HK\$8,743,000). During the six months ended 30 September 2020, the Group entered into a renewal of lease agreement for the office premises and recognized HK\$17,000 of right-of-use assets (for the six months ended 30 September 2019: HK\$657,000).

10. TRADE AND OTHER RECEIVABLES

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Trade receivables	61,653	50,241
Allowance for expected credit losses ("ECL")	(968)	(913)
	60,685	49,328
Rental and other deposits	2,352	1,444
Other receivables and prepayments	5,967	6,637
Deferred share issue costs	—	6,031
Prepayments for listing expenses	—	9
Total trade and other receivables	69,004	63,449
Less: non-current rental deposits	(848)	(829)
Less: current rental deposits	(220)	(215)
Less: non-current deposits paid for acquisition of property, plant and equipment	(512)	(400)
	67,424	62,005

The Group generally allows a credit period ranging from 30 to 60 days to its customers. For certain customers, the Group requests advance payments before its rendering of express delivery services and no credit period is granted by the Group.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

10. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aging analysis of trade receivables, net of allowance for ECL, presented based on the invoice dates, which approximate the revenue recognition dates:

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Within 30 days	38,341	31,777
31 to 60 days	9,739	10,752
61 to 90 days	7,681	4,198
More than 90 days	4,924	2,601
	60,685	49,328

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit terms granted to customers are reviewed regularly. The majority of the trade receivables that are neither past due nor impaired have no history of default on repayments.

The Group determines the ECL for individually significant trade debtors and collectively using a provision matrix with appropriate groupings based on shared credit risk characteristics of customers as at 30 September and 31 March 2020 and taking into account the financial condition of the customers and historical settlement pattern with no history of default in the past, and the forward-looking information.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

11. TRADE AND OTHER PAYABLES

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Trade payables	31,216	28,977
Accruals	6,008	6,591
Refundable deposits received from customers	89	389
Other payables	110	286
Other taxes payables	28	4
Accrued share issue costs	—	3,594
Accrued listing expenses	—	11,718
Total trade and other payables	37,451	51,559

The general credit period on trade payables is 15 to 60 days. Certain suppliers request upfront payment before delivery of services and no credit period has been granted to the Group.

The following is an aging analysis of trade payables, presented based on the invoice date, at the end of each reporting period:

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
0–30 days	13,640	13,913
31–60 days	12,828	9,369
61–90 days	2,688	510
Over 90 days	2,060	5,185
	31,216	28,977

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

12. BANK BORROWINGS

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Secured bank loans	27,000	30,000
Carrying amounts that contain a repayable on demand clause and shown under current liabilities and total bank borrowings	27,000	30,000

The bank loans as at 30 September 2020 carry variable interest rate at 2.75% (31 March 2020: 2.75%) above Hong Kong Interbank Offered Rate ("HIBOR"). The effective interest rate of the Group was 3.43% per annum at 30 September 2020 (31 March 2020: 4.74% per annum). The bank loans as at 31 March 2020 were secured by the pledged bank deposits and personal guarantee provided by Mr. LB Chan and Mr. Chan Yu. The personal guarantee from Mr. LB Chan and Mr. Chan Yu provided for the banking facility has been released on 5 June 2020. The bank loans as at 30 September 2020 were secured by the pledged bank deposits and corporate guarantee provided by the Company.

As at 31 March 2020, there was a technical breach of a loan covenant in the banking facility letter that primarily related to a prescribed amount of the consolidated net tangible assets requirement in the Group. As at 30 September 2020, the consolidated net tangible assets requirement was satisfied and no longer contributed to a breach of covenant. As at 30 September 2020, the bank borrowings of HK\$27,000,000 (31 March 2020: HK\$30,000,000) are guaranteed by the Company and secured by pledged bank deposit amounted to HK\$13,517,000 (31 March 2020: HK\$15,017,000) and the entire bank borrowings have been classified as current liabilities at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

13. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

	Number of shares	Share capital HK\$
Ordinary Shares of HK\$0.01 each		
Authorised:		
At 1 April 2019, 31 March 2020 and 30 September 2020	10,000,000,000	100,000,000
Issued and fully paid:		
At 1 April 2019 (audited)	230	2
Repurchase of Shares on 4 September 2019 (<i>Note a</i>)	(4)	—*
Repurchase of Shares on 18 September 2019 (<i>Note a</i>)	(8)	—*
At 31 March 2020 (audited)	218	2
Capitalisation issue (<i>Note b</i>)	359,999,782	3,599,998
Shares issued pursuant to the Share Offer (<i>Note c</i>)	120,000,000	1,200,000
At 30 September 2020 (unaudited)	480,000,000	4,800,000
		HK\$'000
Presented in the consolidated financial statements at 31 March 2020 (audited)		—**

* The amount is less than HK\$1.

** The amount is less than HK\$1,000.

Notes:

- (a) On 4 September 2019 and 18 September 2019, the Company completed the repurchase of 4 Shares and 8 Shares from its shareholders at a consideration of HK\$1,039,000 and HK\$2,079,000, respectively.
- (b) Pursuant to the shareholders' written resolution dated 27 March 2020, the Company issued 359,999,782 additional Shares, credited as fully paid, to the then shareholders of the Company on the register of members at the close of business on 17 April 2020, by way of capitalisation of HK\$3,599,997.82 crediting to the Company's share premium account.
- (c) On 17 April 2020, in connection with the Listing, the Company issued 120,000,000 ordinary Shares with par value of HK\$0.01 each at a price of HK\$0.5 per share by way of public offer with gross proceeds of HK\$60,000,000. On 20 April 2020, the Shares of the Company were listed on GEM of the Stock Exchange.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

14. RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel of the Company

During the six months ended 30 September 2020 and 2019, the Group entered into the following transactions with related parties:

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (audited)
Fees	—	—
Salaries, discretionary bonuses and other benefits	985	525
Share-based payment	—	—
Retirement benefits scheme contributions	18	18
Total	1,003	543

(b) Guarantees provided by a related party

The Group's bank borrowings as at 31 March 2020 were secured by personal guarantees provided by Mr. LB Chan and Mr. Chan Yu, directors of the Company as set out in note 12. Such personal guarantee provided for the bank facility has been released on 5 June 2020.

The Group's leased motor vehicles are guaranteed by Mr. Chan Yu, a director of the Company.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

During the period, the outbreak of coronavirus pandemic (“**COVID-19**”) and trade war between the PRC and the United State continued to be one of the major challenges to the industry. Despite the global economy has been adversely impacted, the Group still adopts a growing strategy and actively seeking for new business opportunities. In response to the new policy direction from the International Civil Aviation Organisation to progressively increase the required screening percentage of known cargos to 100% by 30 June 2021. On 30 October 2020, the Group has improved its logistics capability by entering into a provisional lease agreement as tenant in respect of the leasing of a new warehouse in ATL Logistics Centre, situated in the center hub of Hong Kong logistics business, Kwai Chung. We believe that the new warehouse will enhance our logistics capability, maintain our competitiveness in the logistics industry and fulfil the increasing and strong demand for cargos-screening services from our existing customers. However, the management expect the new warehouse operation may require additional setup costs and staff cost for initial setup and any inefficient operation may occur in the preliminary stage. These may result in an increase of operating expenses and has an adverse effect on the profit margin. Apart from the challenges from the new warehouse and cargo screening business, the development of COVID-19 and the trade war may still impose an unexpected threat to the industry and may severely affect the business volume of the Group. The management will continue to exercise careful cost controls to strengthen its competitiveness in the logistics industry and be ready for any possible economy downturn.

Going forward, to facilitate and to meet our business objectives and remains the Group’s long-term growth, the Group will closely monitor the development and impact of the COVID-19 and the trade war on the Group’s businesses. Meanwhile, we will keep on improving our service quality and upgrading our logistics capability so as to prepare for the gradual resumption and to seize the opportunities arising from the rapid development of e-commerce.

FINANCIAL REVIEW

Our Group’s revenue was principally generated from (i) air cargo terminal operation services; (ii) transportation services; and (iii) warehousing and other value-added services. We provide our services to (i) express carriers; (ii) air cargo terminal operators; (iii) freight forwarders; and (iv) direct customers comprising corporates and individual customers. Our revenue is measured at the fair value of the consideration or receivable and represents amounts receivable for services provided in the normal course of business. Please refer to note 4 of the condensed consolidated financial statements for the breakdown of our revenue by services segments during the period.

Our overall revenue increased by approximately HK\$12.3 million or 7.7% from approximately HK\$160.2 million for the six months ended 30 September 2019 to approximately HK\$172.4 million for the six months ended 30 September 2020 due to the combination of the following factors:

- (i) increase in revenue generated from the provision of warehousing and other value-added services by approximately HK\$24.4 million or 170.1% to approximately HK\$38.7 million for the six months ended 30 September 2020 as compared to that of approximately HK\$14.3 million for the six months ended 30 September 2019. Such increase was primarily benefited from the business opportunities generated from some newly secured customers due to the introduction of the latest cargo-screening service policy during the period; and

Management Discussion and Analysis (Continued)

- (ii) offset by the decrease in revenue generated from the provision of air cargo terminal operation services and transportation services by approximately HK\$12.1 million or 8.3% to approximately HK\$133.8 million for the six months ended 30 September 2020 as compared to that of approximately HK\$145.8 million for the six months ended 30 September 2019. Such decrease was mainly derived from the decrease in the number of trips of delivery in the PRC as we have not renewed the contract with Top Global Express Carrier for the ancillary delivery and transportation services in Shenzhen and Guangzhou since September 2019 and the general decrease in revenue generated from some local customers as some overseas cities experienced lockdown due to the COVID-19.

Other income

Other income decreased by approximately HK\$2.1 million or 54.9% to approximately HK\$1.7 million for the six months ended 30 September 2020 as compared to that of approximately HK\$3.8 million for the six months ended 30 September 2019. Other income for the six months ended 30 September 2020 mainly represented the “One-off Subsidy” received from the Anti-epidemic Fund established by the Hong Kong Government, which provided financial support to the transport trades in view of the severe impact of the COVID-19, which amounted to approximately HK\$1.4 million. Whereas, other income for the six months ended 30 September 2019 mainly represented the government subsidies on the replacement of Euro III diesel commercial vehicle of approximately HK\$3.7 million.

Other gains and losses

Other gains and losses mainly represented loss on disposal of property, plant and equipment. Our Group recorded a net loss in other gains and losses of approximately HK\$0.5 million and HK\$3.3 million for the six months ended 30 September 2020 and 2019, respectively. Such decrease was mainly due to less disposal of property, plant and equipment incurred during the period.

Employee benefits expenses

Employee benefits expenses consisted primarily of wages and salaries, retirement benefits scheme contributions and other allowances and benefits. The employee benefits expenses decreased by approximately HK\$2.8 million or 11.6% from approximately HK\$23.8 million for the six months ended 30 September 2019 to approximately HK\$21.1 million for the six months ended 30 September 2020. Such decrease was mainly due to the subsidy of Employment Support Scheme received from the Hong Kong Government of approximately HK\$3.3 million during the six months ended 30 September 2020 and no such subsidy was received by the Group during the six months ended 30 September 2019.

Dispatch labour costs

The dispatch labour costs represented the amount paid to our dispatched work agencies for the provision of our air cargo ground handling and warehousing services. It increased by approximately HK\$12.4 million or 30.4% to approximately HK\$53.2 million for the six months ended 30 September 2020 as compared to that of approximately HK\$40.8 million for the six months ended 30 September 2019, which was mainly due to the increase in the provision of warehousing services.

Management Discussion and Analysis (Continued)

Depreciation of property, plant and equipment and right-of-use assets

For the six months ended 30 September 2020, the depreciation of property, plant and equipment and right-of-use assets amounted to approximately HK\$7.4 million, representing an increase of approximately HK\$0.8 million or 11.9% as compared to that of approximately HK\$6.7 million for the six months ended 30 September 2019. Such increase was mainly due to the increase in acquisition of motor vehicles for the Group's operation and the addition of furniture and fixtures and machinery for the X-ray screening services in our Air freight CFS warehouse during the six months ended 30 September 2020.

Transportation costs

Transportation costs increased by approximately HK\$2.8 million or 3.6% to approximately HK\$79.6 million for the six months ended 30 September 2020 as compared to that of approximately HK\$76.8 million for the six months ended 30 September 2019. Such increase was mainly due to the increased service fees paid to external transportation service providers for the warehousing and other value-added services business.

Other expenses

Our other expenses increased significantly by approximately HK\$10.4 million or 227.1% to approximately HK\$14.9 million for the six months ended 30 September 2020 as compared to that of approximately HK\$4.6 million for the six months ended 30 September 2019, primarily due to the increase in warehouse operating costs which was increased by HK\$7.3 million or 262.6% to approximately HK\$10.1 million for the six months ended 30 September 2020 as compared to that of approximately HK\$2.8 million for the six months ended 30 September 2019, driven by the increased business generated from warehousing and other value-added services segment, especially in our Air-freight CFS Warehouse.

Finance costs

Our finance costs remained relatively stable at approximately HK\$1.1 million and HK\$1.2 million for the six months ended 30 September 2020 and 2019, respectively.

Income tax expenses

The income tax expenses fell from approximately HK\$0.9 million for the six months ended 30 September 2019 to nil for the six months ended 30 September 2020 as there was no assessable profit for the six months ended 30 September 2020.

(Loss)/Profit for the period

For the six months ended 30 September 2020, our Group recorded a net loss of approximately HK\$3.6 million (for the six months ended 30 September 2019: net profit of approximately HK\$3.4 million). As discussed above, the net loss for the six months ended 30 September 2020 was mainly due to the cumulative effect of: (i) the increase in depreciation of property, plant and equipment and right-of-use assets; and (ii) additional warehouse operating costs and dispatch labour costs incurred for maintaining the Air Freight CFS Warehouse.

Trade receivables and trade payables turnover cycle

The turnover days for trade receivables for the six months ended 30 September 2020 were approximately 57 days (for the year ended 31 March 2020: approximately 56 days), which remained relatively stable for both periods.

Management Discussion and Analysis (Continued)

The turnover days for trade payables for the six months ended 30 September 2020 were approximately 41 days (for the year ended 31 March 2020: approximately 44 days), which remained relatively stable for both periods.

Borrowings

As at 30 September 2020, the Group's bank borrowings balance amounted to approximately HK\$27.0 million (as at 31 March 2020: approximately HK\$30.0 million) with variable interest rate. The effective interest rate of the Group was approximately 3.4% per annum as at 30 September 2020 (as at 31 March 2020: approximately 4.7%). The Group's bank borrowings were denominated in HK\$.

The Group's net gearing ratio is calculated by dividing total bank borrowings and lease liabilities by total equity. As at 30 September 2020, the Group's gearing ratio was approximately 67.0% (as at 31 March 2020: approximately 135.4%). Such decrease was primarily due to the decrease in bank borrowings and the increase in equity after Listing.

Pledge of assets

Pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings. Bank deposits of approximately HK\$13.5 million and HK\$15.0 million as at 30 September 2020 and 31 March 2020, respectively, have been pledged to secure short-term bank loans and undrawn facilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group employed 222 (as at 31 March 2020: 226) full time employees and the directors' emoluments were approximately HK\$1.2 million for the six months ended 30 September 2020 (for the six months ended 30 September 2019: approximately HK\$0.5 million) included in the employee benefit expenses. We determine the employee's remuneration based on factors such as their performance, qualification, position, duty, contributions, years of experience and local market conditions. The Company has adopted a share option scheme to recognize and acknowledge the contribution of the Directors and other employees and other eligible parties who have made valuable contribution to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 30 September 2020 was approximately 1.40 times which remained relatively stable as compared to that of approximately 0.98 time as at 31 March 2020. As at 30 September 2020, the Group had total bank balances and cash, which was denominated in HK\$ and RMB of approximately HK\$26.0 million (as at 31 March 2020: approximately HK\$15.4 million). With available bank balances, cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

As the Group's revenue generating operations are mainly transacted in HK\$ and RMB, the Directors consider the impact of foreign exchange exposure to the Group is minimal. The management will consider hedging significant currency exposure should the need arise.

Management Discussion and Analysis (Continued)

COMMITMENT

As at 30 September 2020, the Group incurred capital commitments of approximately HK\$4.1 million for acquiring our transportation fleet and x-ray screening machines, which would be settled by the net proceeds from the Share Offer and our internal resources (as at 31 March 2020: approximately HK\$7.6 million for acquiring transportation fleet).

CAPITAL STRUCTURE

The Shares were listed on GEM of the Stock Exchange on 20 April 2020 (the “**Listing Date**”). There has been no change in the Company’s capital structure since the Listing. The capital structure of the Company consists of equity attributable to the owners of the Company which comprises of issued share capital and reserves. From the Listing Date to the date of this report, the Company had 480,000,000 Shares in issue. The Directors will review the Group’s capital structure regularly. As part of such review, the Directors will consider the cost of capital and the risks associated with each class of capital. The Group will adjust its overall capital structure through the payment of dividends, issuance of new shares as well as the repayment of borrowings.

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed in note 4 to the condensed consolidated financial statements.

CONTINGENT LIABILITIES

As at 30 September 2020, there was no significant contingent liabilities for the Group.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSAL, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not hold any significant investment nor did the Group carry out any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 September 2020. Save as disclosed in this report and the Prospectus, the Group has no plan for other material investments or acquisitions of capital assets as at 30 September 2020.

Management Discussion and Analysis (Continued)

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 September 2020 is set out below:

Business Strategies as stated in the Prospectus	Business objectives up to 30 September 2020 as stated in the Prospectus	Actual business progress up to 30 September 2020
Expanding and upgrading of existing transportation fleet	Purchase six 16-tonnes light heavy goods trucks	The Group has purchased five 24-tonnes heavy good trucks to fulfill the business needs and made the deposit payment for 5 more 24-tonnes heavy good trucks.
Facilitate the replacement of our transportation fleet which are Euro III diesel commercial vehicle (" Euro III DCVs ")	Comply with the DCVs emission standards of the APE Regulation and to avoid material disruption to our usual and ordinary business operation	All Euro III DCVs have been disposed or replaced with vehicle that comply with the applicable emission standards.
Acquisition of x-ray screening systems	Nil	The Group has made the deposit payment for the acquisition of an X-ray screening system to ensure that it will be implemented on time and also planned for the acquisition of another x-ray screening system for the new warehouse.
Expansion our labour force	Recruitment of and payment of remuneration for not more than five operators	The Group has recruited 8 operators for the expanded warehousing operation and will recruit more manpower for the new warehouse.
Investment and upgrading of our information technology system	First phase installation of the new transportation fleet management system	The Group has started the planning of the installation of the new transportation fleet management system, quotation was obtained but no payments was made during the period.

Management Discussion and Analysis (Continued)

USE OF PROCEEDS FROM THE LISTING

The Shares were listed on GEM of the Stock Exchange on the Listing Date. Based on the offer price of HK\$0.5 per Offer Share, the net proceeds from the Share Offer received by the Company, after deducting the underwriting fees and commissions and estimated expenses in relation to the Share Offer borne by the Company, was approximately HK\$17.8 million. Such net proceeds are intended to be applied in accordance with the proposed applications as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. During the six months ended 30 September 2020, the Group has applied the net proceeds as follow:

	Net proceeds received	Utilised amount	Unutilised amount as at 30 September 2020	Expected utilised amount		
		during six months ended 30 September 2020		For the six months ending		
	HK\$'000	HK\$'000	HK\$'000	31 March 2021	30 September 2021	31 March 2022
Expansion and upgrading of our transportation fleet	6,150	1,235	4,915	1,354	1,511	2,050
Expansion of our labour force	4,400	1,130	3,270	1,340	1,400	530
Acquisition of x-ray screening systems	3,750	312	3,438	938	1,250	1,250
Investment in and upgrading of our information technology systems	3,500	—	3,500	1,750	875	875
Total	17,800	2,677	15,123	5,382	5,036	4,705

As at 30 September 2020, the unutilised net proceeds had been placed at interest-bearing deposits with licensed bank in Hong Kong.

DIVIDEND

No dividend for the six months ended 30 September 2020 was paid, declared or proposed by the Board. (for the six months ended 30 September 2019: nil).

Disclosure of Additional Information

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 September 2020. Pursuant to rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in the securities of the Company when he would be prohibited from dealing by the Model Code as if he was a Director.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2020, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the “**SFO**”) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in the Company

Long positions in the ordinary Shares

Name of Director/ chief executive	Capacity/Nature of interest	Number of Shares held (Note i)	Approximate percentage of the Company’s issued share capital
Mr. Chan Le Bon	Interest in a controlled corporation (Note ii)	330,120,000	68.8%
Mr. Choy Wing Hang, William (“Mr. William Choy”)	Interest in a controlled corporation (Note iii)	29,880,000	6.2%

Notes:

- (i) All interests in the Shares are in long position.
- (ii) The Shares are owned by 3C Holding Limited. The entire issued share capital of 3C Holding Limited is owned as to 95% by Mr. Chan Le Bon and as to 5% by Mr. Chan Yu, respectively. Mr. Chan Le Bon is deemed to be interested in such number of Shares held by 3C Holding Limited.
- (iii) Diligent City Limited owns approximately 6.2% of the entire issued share capital of the Company. Mr. William Choy is deemed to be interested in such number of Shares held by Diligent City as Mr. William Choy owns 100% of Diligent City Limited.

Disclosure of Additional Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2020, so far as the Directors are aware, the following persons (other than the Director and the chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Long positions in the ordinary Shares

Name of shareholder	Capacity/Nature of interest	Number of Shares held (Note i)	Approximate percentage of the Company's issued share capital
3C Holding Limited	Beneficial owner	330,120,000	68.8%
Diligent City Limited	Beneficial owner	29,880,000	6.2%
Ms. Leung Song	Interest of spouse (Note ii)	29,880,000	6.2%

Notes:

- (i) All interests in the Shares are in long position.
- (ii) Ms. Leung Song is the spouse of Mr. William Choy. Ms. Leung Song is deemed to be interested in the same number of Shares in which Mr. William Choy is deemed to be interested in under the SFO.

Save as disclosed above, as at 30 September 2020, the Company has not been notified of any other persons (other than the Director or the chief executive of the Company) or entities who had or deemed or taken to have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Disclosure of Additional Information (Continued)

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was conditionally adopted by the written resolutions of the shareholders of the Company passed on 27 March 2020. Under the Scheme, the board of directors of the Company may, at their absolute discretion, at any time within a period of ten years commencing from the effective date offer to grant to any eligible persons, including director, employee, non-executive director, supplier, customer, person or entity providing research, development or other technological support, shareholder, adviser or consultant to the area of business or business development, and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, options to subscribe for shares. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

No share option has been granted under the Scheme since the adoption of the Scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries or its parent company was a party and in which a Director of the Company or an entity connected with any of them had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the six months ended 30 September 2020.

Disclosure of Additional Information (Continued)

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

For the six months ended 30 September 2020, there had been no contract of significance between the Company or any of its subsidiaries and a controlling Shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries.

COMPETING INTERESTS

For the six months ended 30 September 2020, the Directors were not aware of any business or interest of the Directors, the controlling Shareholders, and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

A deed of non-competition (the “**Deed of Non-competition**”) dated 23 March 2020 was executed in favour of the Company (for itself and as trustee for each of its subsidiaries) by 3C Holding Limited, Mr. Chan Le Bon and Mr. Chan Yu (collectively the “**Controlling Shareholders**”) regarding certain non-competition undertakings. The details of the Deed of Non-competition have been disclosed in the Prospectus under the section headed “Relationship with Controlling Shareholders”. The Controlling Shareholders have confirmed to the Company that from the effective date of the Deed of Non-competition and up to the date of this report, the Controlling Shareholders and their respective close associates (as defined under the GEM Listing Rules) have complied with the undertakings contained in the Deed of Non-competition.

COMPLIANCE ADVISER’S INTEREST

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed South China Capital Limited (“**South China**”) as the compliance adviser of the Company from the date of the Listing. The appointment of South China has been terminated on 31 August 2020. Upon the termination of the appointment with South China, the Group has appointed Giraffe Capital Limited (“**GCL**”) as its new compliance adviser with effect from 1 September 2020. For further details, please refer to the announcement of the Company in relation to the change of compliance adviser dated 1 September 2020.

As at 30 September 2020, as advised by GCL, save for the compliance adviser agreement entered into between the Company and GCL dated 1 September 2020, neither GCL nor any of its directors or employees or close associates had any interest in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Disclosure of Additional Information (Continued)

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interests of the Shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules to ensure that the Group’s business activities and decision making processes are regulated in a proper and prudent manner in accordance with the requirements of the GEM Listing Rules. The Board has established an audit committee (the “**Audit Committee**”), a nomination committee (the “**Nomination Committee**”) and a remuneration committee (the “**Remuneration Committee**”) with specific written terms of reference. During the six months ended 30 September 2020, the Company has complied with all the code provisions of the CG Code.

The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with three of them being independent non-executive Directors.

AUDIT COMMITTEE

The Company has established the Audit Committee on 23 March 2020, with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Fu Lui (Chairman), Mr. Chan Chi Ho and Ms. Chui Sin Heng, all of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated financial statements and this interim report of the Group for the six months ended 30 September 2020. The Audit Committee is of the view that the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 September 2020 complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

EVENT AFTER THE REPORTING PERIOD

Saved for the discloseable transaction in relation to the provisional lease agreement announced on 30 October 2020, the Board is not aware of any significant event requiring disclosure that has been taken place after 30 September 2020 and up to the date of this report.

Disclosure of Additional Information (Continued)

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim report is published on the Company's website (<http://www.asia-expresslogs.com>) and the website (www.hkexnews.hk) of the Stock Exchange.

The 2020/2021 interim report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company pursuant to Rule 18.03 of the GEM Listing Rules.

On behalf of the Board

Mr. Chan Le Bon

Chairman

Hong Kong, 13 November 2020